

**“Non-tariff barriers to trade in the context of European
Integration”,
ACIT, March 24, 2005**

PAPER I

**BARRIERS TO FOREIGN TRADE
THE ROLE OF NON-TARIFF BARRIERS TO TRADE**

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ABSTRACT

Trade liberalization is one of the major components of transition reforms in Albania, a process that has been intensified after Albania was granted membership to the WTO and especially as a result of regional and European integration processes where our country has been involved.

The trade liberalization process, which is also a global process, relies on the solid basis of benefits it generates, not only in the global economic context, through a more efficient allocation of production resources and reduction of transaction costs, but also in the context of specific markets, through increased national welfare, a more efficient allocation of economic inputs in the domestic market, an increased competitiveness of the economy in the context of international markets, and reduced costs of trade policy implementation.

Nevertheless, the process of trade opening and liberalization of trade policies is unlikely to be a smooth and linear process that allocates benefits and satisfies the needs of all parties - countries or stakeholders within the countries - at once. Accompanying costs often disproportionably burden specific stakeholders, and fairly often, higher costs on specific stakeholders or countries, materialize in higher benefits for another stakeholder in the same country or for another country, despite the fact that free trade generates benefits for all the parties involved in the long term.

The simple phenomenon of an increased variety and level of non-tariff trade barriers accompanying the process of tariff liberalization provides clear evidence of the complexity of the very process of trade liberalization and also emphasizes the complexity of interests shaping the performance of this process.

The area of non-tariff trade barriers has not only attracted the attention of researchers; it has already reached on top of the WTO agenda, and the same is true for other international economic institutions. The current focus on non-tariff barriers is

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related to their much more severe effect, as compared to tariffs. But non-tariff trade liberalization, as opposed to disciplining of trade policy which relies on tariff instruments, seems to be a more difficult process. Difficulties relate to the identification of these barriers, being proportional to their increasing variety and lack of transparency. Difficulties also relate to the process of measuring the effects of these barriers. The complexity of the concept of non-tariff barriers and the underlying causes, which are often related to important interests such as life and health protection measures for humans, the flora and fauna, etc has also been materialized explicitly in the preference of international institutions to refer them in a broad definition as “non-tariff barriers”, which in certain conditions have an obstructive effect on trade.

Alike all countries involved in the process of building market institutions; in Albania the problem takes a new dimension. A number of non-tariff barriers, including technical rules and standards, examination and certification rules, sanitary and phytosanitary rules, etc prior to being considered as *barriers*, are *measures* that must be undertaken and *institutions* that must be established for the very purpose of making the market work. Another dimension emerges if we consider the integration processes where Albania has been involved. Notably, the European integration process of the country also implies the establishment of functioning institutions, in compliance with the “internal market” principles and requirements, along with trade liberalization. In this framework, before turning into barriers, non-tariff measures are also “integration institutions”. Finally, in the conditions of the Albanian market, where the trade balance status demands a special attention regarding production and export promotion policies, relevant non-tariff barriers acquire another dimension, regarding the process of increasing competitiveness of the economy, which cannot be accomplished without a discrete consideration and adaptation to the technical rules and standards applied in export markets.

After dealing with the contents and structure of non-tariff trade barriers, a number of methods for measuring their effects are laid down in the paper, paying special attention to the “administration” of these barriers, in the WTO context. An analysis of non-tariff barriers from the standpoint of the European integration process Albania is going through also represents an important point in the paper.

Remarks are made throughout the paper regarding the “overweight” administrative non-tariff barriers in the case of Albania, which often defines them as non-tariff barriers albeit they might be related to such critical interests as life protection for humans, animals, plants, the national security, etc.

The paper emphasizes the need for further studies addressing more specifically the identification and classification of non-tariff barriers in the case of Albania, and measuring their effectiveness. The need for accelerating the adaptation process of the legal and institutional framework to EU standards regarding the institutions related with non-tariff barrier issues is also underlined.